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ORIGIN EB-11

INFO OCT-01 EUR-25 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08

TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 ARA-11 AF-10

/186 R

DRAFTED BY EB/ OT/ TA: JPCRAWFORD: JMN

4/9/73 EXT 21719

APPROVED BY EB/ OT/ TA: JWHOLMES

EUR/ NE: CFLOYD

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R 092333 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY LONDON

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E. O. 11652: N/ A

TAGS: ETRD, GATT, UK, US

SUBJECT: PREFERENCES TO COMMONWEALTH CARIBBEAN

REF: A) STATE 60250; B) LONDON 4067

1. THERE FOLLOWS TEXT OF NOTE AS REQUESTED BY REF B.
2. BEGIN UK CLASSIFICATION CONFIDENTIAL. THE COMMONWEALTH CARIBBEAN.
3. ALTHOUGH DISENGAGEMENT FROM ITS DEFENCE AND ECONOMIC RESPONSIBILITIES IN THE COMMONWEALTH CARIBBEAN REMAINS AN ULTIMATE OBJECTIVE OF THE BRITISH GOVERNMENT, THERE IS NO INTENTION OF ANY PRECIPITATE WITHDRAWAL. THE BRITISH GOVERNMENT SHARES THE UNITED STATES GOVERNMENTS CONCERN FOR THE POLITICAL AND ECONOMIC STABILITY OF THE

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AREA AND TO THIS END ATTACHES IMPORTANCE TO THE MEASURES WHICH IT IS ALREADY TAKING. THESE INCLUDE THE MAINTENANCE OF A POLITICAL AND NAVAL PRESENCE; THE GIVING OF CAPITAL AID AND TECHNICAL ASSISTANCE (BOTH THROUGH THE CARIBBEAN DEVELOPMENT BANK AND BILATERALLY); AND THE SUPPORT OF EMPLOYMENT AND EXPORT EARNINGS BY, FOR EXAMPLE, THE GUARANTEED PRICE FOR SUGAR IMPORTED INTO THE UNITED KINGDOM UNDER THE COMMONWEALTH SUGAR AGREEMENT AND THE PREFERENTIAL ARRANGEMENTS ACCORDED TO CARIBBEAN BANANAS AND OTHER PRODUCTS.

4. THE COMMONWEALTH CARIBBEAN COUNTRIES ARE, HOWEVER, DEEPLY CONCERNED OVER THE POSSIBLE ECONOMIC CONSEQUENCES FOR THEM OF BRITAIN' S ENTRY INTO THE EUROPEAN COMMUNITY. THEY HAVE ALWAYS RECOGNIZED THE DANGER OF AN EXCESSIVE DEPENDENCE ON SINGLE CROPS AND THE NEED FOR MORE DIVERSIFICATION OF THEIR ECONOMIES. BUT THE IMPOSSIBILITY OF ESTABLISHING NEW AGRICULTURAL INDUSTRY IN ANY SHORT PERIOD OF TIME, THE RELATIVE ABSENCE OF NATURAL RESOURCES (APART FROM BAUXITE IN JAMAICA AND GUYANA AND OIL IN TRINIDAD) AND THE DIFFICULTY OF FINDING MARKETS FOR NEW MANUFACTURES LEAVE THEM STILL HIGHLY DEPENDENT UPON THEIR PRESENT AGRICULTURAL PRODUCTS AND UPON THE CONTINUED EXISTENCE OF ASSURED MARKETS FOR THESE.

5. THERE ARE GOOD GROUNDS FOR THESE FEARS. ANY GENERAL COLLAPSE OF THE AGRICULTURAL INDUSTRIES IN THE COMMONWEALTH CARIBBEAN WOULD HAVE SERIOUS SOCIAL AND ECONOMIC CONSEQUENCES, ESPECIALLY IN THOSE ISLANDS WHICH ARE STILL ALMOST ENTIRELY DEPENDENT UPON ONE CROP, E. G., ST. KITTS ON SUGAR AND SOME OF THE WINDWARD ISLANDS ON BANANAS. THE SECURITY OF THE WHOLE AREA WOULD BE THREATENED AND ENCOURAGEMENT GIVEN TO THOSE ELEMENTS WHICH ARE OPPOSED TO THE PRESENT ECONOMIC RELIANCE ON BRITAIN AND NORTH AMERICA AND FEEL THAT THEIR GOVERNMENTS SHOULD LOOK ELSEWHERE FOR SUPPORT.

6. THE BRITISH GOVERNMENT HOPES THAT THE DIFFICULTIES WHICH THE COMMONWEALTH CARIBBEAN COUNTRIES FORESEE CAN TO A LARGE EXTENT BE MET BY THEIR ENTERING INTO SUITABLY ADVANTAGEOUS TRADING ARRANGEMENTS WITH THE EEC IN RESPONSE TO THE OFFERS OF ASSOCIATION WHICH HAVE BEEN MADE TO THEM.

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THEIR OWN DIFFERENCES OF VIEW, HOWEVER, FOR EXAMPLE ON

THE DESIRABILITY OF CERTAIN ASPECTS OF THE YAOUNDE CONVENTION, THREATEN TO MAKE THIS DIFFICULT. AND AMONG OTHER INHIBITING FACTORS IS THE FEAR THAT THEY COULD ONLY ENTER INTO AN OTHERWISE SATISFACTORY FORM OF ASSOCIATION WITH THE EEC AT THE PRICE OF DISQUALIFYING THEMSELVES FROM ENJOYMENT OF THE UNITED STATES GENERAL PREFERENCE SCHEME. THE LATTER WILL ALSO BE OF GREAT IMPORTANCE TO THEM IF, AS SEEMS NATURAL AND DESIRABLE, THEIR PRESENT SUBSTANTIAL DEPENDENCE ON UNITED KINGDOM MARKETS IS GRADUALLY TO GIVE WAY TO CLOSER INVOLVEMENT WITH THE INTER- AMERICAN ECONOMIES. THEY ARE THUS FACED WITH A DILEMMA WHICH THEY FEEL IS NOT OF THEIR MAKING AND SHOULD BE RESOLVED BY THE OTHER PARTIES CONCERNED.

7. THE BRITISH GOVERNMENT IS CONFIDENT THAT, WITH THE ABOVE POINTS IN MIND, THE UNITED STATES GOVERNMENT WILL WISH TO GIVE ESPECIALLY SYMPATHETIC CONSIDERATION TO THE POSITION OF THE COMMONWEALTH CARIBBEAN GOVERNMENTS IN THE DIFFICULTIES THAT HAVE BEEN DESCRIBED. END UK CLASSIFICATION CONFIDENTIAL. JANUARY 1973. ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 09 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE065762
Document Source: CORE
Document Unique ID: 00
Drafter: JPCRAWFORD: JMN
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: SECSTATE WASHDC
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730438/aaaaiath.tel
Line Count: 139
Locator: TEXT ON-LINE
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 STATE 60250, 73 LONDON 4067
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 02 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02-Aug-2001 by reddocgw>; APPROVED <22 FEB 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971216
Subject: PREFERENCES TO COMMONWEALTH CARIBBEAN
TAGS: ETRD, UK, US, GATT
To: LONDON
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005